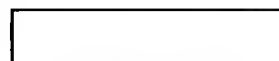
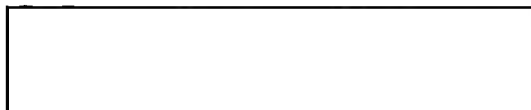


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MEMORANDUM FOR: Deputy Director (Intelligence)

SUBJECT: Transmittal of Seventh Monthly Report on  
1964 Prospects for Agriculture in  
Communist Countries

The attached papers are the seventh in the series of monthly reports on the current 1964 outlook for agriculture in Communist countries. They have been prepared in response to a request from the DCI relayed to us

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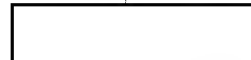
OTTO E. GUTHE/  
Assistant Director  
Research and Reports

Enclosure:  
As stated above.



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PROSPECTS FOR AGRICULTURE IN COMMUNIST COUNTRIES, MID-AUGUST 19641. USSR

As of mid-August, the grain crop in the USSR promises to be the best since the estimated record crop of 1958. About half of the small-grain acreage (wheat, rye, oats and barley), has been harvested. The harvest is nearing completion in the Ukraine, Moldavia, and the North Caucasus. In the crucial new lands areas of Northern Kazakhstan and Western Siberia harvesting is now underway.

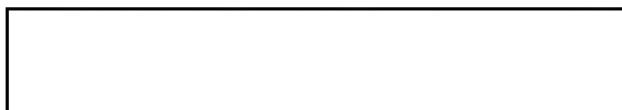
Although some of the less important grain producing areas have suffered from drought, a bumper crop of grain has been grown in most of the major grain areas. Early reports on state procurements of grain and procurement pledges undertaken by individual regions underscore the good crop in parts of the Ukraine, North Caucasus, Black Soil Zone, Volga Valley, the Urals, Northern Kazakhstan, and Western Siberia.

Khrushchev's recent visit to many of these areas was probably dictated by his intense concern over the crop and the political and economic necessity to harvest as much as possible of what has been grown. This is especially pertinent for the new lands areas of Northern Kazakhstan and Western Siberia where bumper crops are in sharp contrast to the crop failure in 1963. Perennial difficulties with harvesting machinery and transport, a compressed harvesting schedule caused by a two-week delay in the ripening of crops, and a lack of adequate storage facilities could result in large losses within the next several weeks in the event of a prolonged spell of bad harvesting weather.

Production of vegetables and potatoes suffered to some extent from the warm, dry June in the central and western regions. Good precipitation in July, however, has improved the condition of spring crops in most of the European USSR, and fairly satisfactory crops of corn, sugar beets, and sunflowers are expected. Earlier difficulties with the cotton crop in Central Asia reportedly have been overcome, and an attractive harvest return now is expected.

With generally good livestock feed supplies available at this time, milk production has improved. However, there has been a decline in meat production resulting from an effort to build up herds, especially hogs.

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## 2. European Satellites

As of early August, crop prospects pointed toward another mediocre agricultural year for most East European countries. Depending upon the final outcome of root and forage crops, the grain import needs of the Satellites could increase over that of last year. Except for Rumania, all of the Satellites have made purchases of wheat and/or are negotiating for quantities of wheat from the west at a level exceeding the same period in 1963. It appears that the Satellites again will depend upon western sources for a large share of their grain imports in 1964/65 in spite of a good Soviet harvest.

Only Hungary is expected to achieve a significant increase in small-grain production over the below average year 1963. The outlook for corn--important in the southern Satellites--and other spring planted crops is favorable only in Hungary and Rumania. The need for the Satellites to increase grain imports in the coming year is becoming more apparent.

The last three weeks of July were unusually hot and dry over most of Eastern Europe; precipitation was less than 50% of normal. In the northern Satellites, a deficit of soil moisture coupled with the intense heat in July prematurely ripened spring grains, reduced first cuttings of hay, dried up pastures, and endangered growth of root and vegetable crops. Important fruit, vegetable, and tobacco growing areas of Bulgaria were also subject to the July drought. Soil moisture at the end of July was below that at the same date in 1963 as well as below normal over a large part of Eastern Europe. Adequate rains during August and early September will be needed, especially in the northern Satellites, to prevent a serious drop in yields of late summer harvested crops.

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### 3. Communist China

The early harvest in Communist China---principally winter wheat and early rice---was better than last year but still probably below average. Official Chinese claims concerning the early rice harvest have been relatively cautious, suggesting that, because of the prolonged and excessive rainfall, yields may have been only slightly better than the poor yields in 1963. The acreage of both winter wheat and early rice was greater than a year ago.

The preliminary outlook for fall harvested crops, although slightly less favorable now than a month ago, still appears to be near average. Precipitation in July was much below normal in the important rice areas of East, Central, and South China. This condition was favorable for harvesting early rice, but probably had some adverse effect on the intermediate and late rice crops, particularly in areas where transplanting was taking place. Localized droughts were reported in some areas but as yet are not believed to be serious. In the important Szechwan Basin, the outlook for the rice crop continues favorable despite below normal rainfall in July.

Heavy rainfall over much of the North China Plain, an area noted for its poor drainage characteristics, probably caused waterlogging in some areas. In the major agricultural areas of Northeast China, however, growing conditions were near normal.

Grain import contracts with the West, for delivery in 1964, now amount to 5.1 million metric tons, excluding French sales. Negotiations with the French are underway at present and a minimum sale of 225,000 metric tons seems certain; some reports, as yet not verifiable, imply deliveries as high as 429,000 tons.

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#### 4. North Vietnam

Preliminary official statistics indicate that the spring rice crop, normally about one-third of North Vietnam's annual rice production, may have equalled the record crop in 1959. Officials also claimed that the production of subsidiary crops, such as sweet potatoes, manioc and beans, was good--about 10% above plan. Growing conditions for the important fall rice crop were generally favorable through early August.

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5. North Korea

Agricultural prospects in North Korea as of mid-August remain unfavorable. Precipitation in the major agricultural areas of North Korea has been much below normal for the period May through July and some drought damage probably has occurred. A typhoon hit the major west coast agricultural areas on 31 July and apparently caused fairly extensive crop damage in the two provinces which are the most important rice and corn areas. Catch crops, such as buckwheat and vegetables, reportedly were being sown in areas where crops had been destroyed.

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Reports continue to filter in on the size of the 1964 Cuban sugar crop; however, a survey of the new evidence does not indicate a need to change our previous estimate of 3.8 million metric tons, the same as production in 1963. Sugar exports of 2.0 million tons for the first half of the year were about the same as those of the first six months of 1963, when 2.1 million tons were exported. Ship movements in Cuban ports during July and August of this year indicate no slackening in the rate of sugar exports.

Other aspects of 1964 Cuban foreign trade include intensified efforts to increase agricultural production through record high imports of fertilizer. During the first seven months of 1964, Cuba imported at least 530,000 metric tons of fertilizer, exceeding imports of 400,000 tons for the entire year of 1963. If the rate of the first seven months continues for the remainder of the year, total imports for all of 1964 will exceed 800,000 metric tons.\*

A rising trend in food imports appears to have started in 1963 and to have continued throughout the first seven months of 1964. Cuba imported at least 760,000 metric tons of cereals and foodstuffs in the first seven months of 1964, compared to 600,000 metric tons in the comparable 1963 period. Further, the 1963 imports probably represented an increase over earlier years of the revolutionary period, because Cuban trade data for 1963 indicate total food imports of about \$200 million, or \$50 million higher than in 1962.

The rise of food imports has not been accompanied, however, by clear indications of an increase in food supplies available in Cuba. This suggests that domestic production of foodstuffs has declined during the last year and a half. However, the additional imports probably are not large enough to make a difference noticeable to any but a fairly sensitive indicator.

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\* In estimating the annual rate of fertilizer imports for the first seven months a crude seasonal adjustment was applied based on the seasonal pattern of imports during 1963.

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